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Company Announcements Office
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CANNING BASIN SPECIAL PROSPECTING AUTHORITY AWARDED AND GAZETTAL BIDS SUBMITTED

- Oilex awarded a Special Prospecting Authority with Acreage Option (SPA/AO) covering ~11,400 km^2 (~2,800,000 acres) in the onshore Canning Basin, Western Australia
- Low-cost (~$0.25 per acre based on proposed work programme for the entire SPA acreage) and low-risk entry opportunity into one of Australia's premier emerging unconventional basins
- Oilex has also submitted bids on two gazettal blocks immediately adjacent to the awarded SPA area
- Acreage covers previously overlooked half graben, identified by Oilex from vintage seismic data, that may be prospective for a petroleum system
- Six-month low-level work programme to start on SPA/AO in Q3 2013
- Provides long-term growth optionality and geographical diversity whilst leveraging technical experience and commercial relationships of from Oilex's Indian unconventional energy strategy

Oilex Ltd (ASX: OEX, AIM: OEX) is pleased to announce that it has accepted an offer for Special Prospecting Authority (SPA)-0055 which covers acreage in the onshore Canning Basin of Western Australia. SPA-0055 encompasses a large area of approximately 11,400 square kilometres which may have similar geological characteristics to Oilex's Cambay Field in India, and may be prospective for oil and liquids-rich gas.

Under the terms of the offer, Oilex will have an exclusive Acreage Option (AO) to negotiate the conversion of a portion (30% to 50% of the total area) of SPA-0055 into a Petroleum Exploration Permit should the initial reconnaissance work programme support the existence of a previously overlooked half graben in this area.

Oilex is planning to conduct a six-month, low-level work programme from Q3 2013 to assess the SPA's prospectivity for hydrocarbons. This programme includes gravity/magnetic data acquisition and interpretation and is planned to commence at the conclusion of the expedited Native Title Notification Period of four months (which has now commenced). Upon completion of the work programme, Oilex then has a further six months to negotiate the forward work programme for the Petroleum Exploration Permit derived from the SPA.

In addition to accepting the offer of SPA-0055, Oilex has recently submitted bids on gazettal blocks L12-08 and L12-09, covering 6,444km^2 (~1,600,000 acres) immediately adjacent to the awarded SPA area. The additional acreage is interpreted to contain an extension of the play to the north of SPA-0055, potentially capturing an entire newly-defined play fairway.

Acting Managing Director Ron Miller said, “Our entry into the Canning Basin with SPA-0055 represents a low-cost, low-risk opportunity for Oilex to secure long-term growth optionality and geographical diversity in a second petroleum basin, without diluting its immediate focus on value delivery from the Cambay Field in India.

“This complements Oilex’s strategy of supplying energy to the rapidly-growing Indian economy from our India tight hydrocarbon resource base with the possibility of participating in energy exports from Australia.

“Oilex is uniquely positioned to capitalise on the Indian energy market opportunity with significant unconventional experience and extensive commercial relationships developed through our existing Indian operation.”

According to the US Energy Information Administration (EIA), the Canning Basin has the largest unconventional hydrocarbon potential in Australia. There has been significant recent farm-in activity related to potential unconventional resources in onshore Australia involving global industry majors.

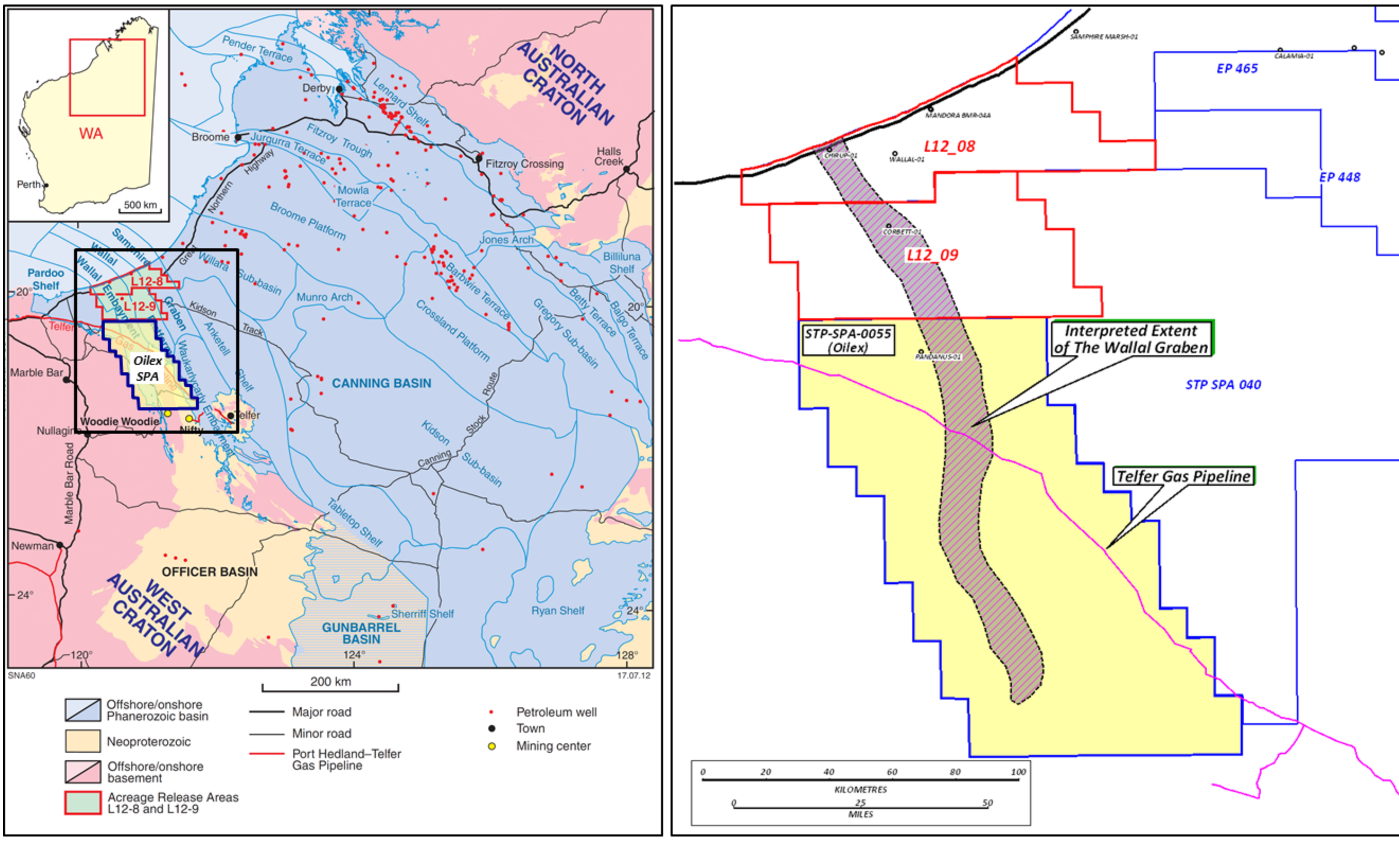

Figure 1. Location Map – Canning Basin, Oilex’s recently awarded SPA area, adjacent gazettal blocks and interpreted extent of the Wallal Graben.

Technical Background

A review of prospective onshore basins in Australia resulted in the identification of a deep, undrilled half graben (Wallal Graben) in the south-west Canning Basin.

Only low resolution gravity/magnetic data and sparse vintage 2D seismic data of variable quality have been acquired over this area. No wells have been drilled sufficiently deep to penetrate the graben-fill. Comparing interpretations of the different geophysical surveys revealed possible discrepancies. While the gravity/magnetic data interpretation defined a relatively shallow graben feature, the 2D seismic data and subsequent depth conversion facilitated the interpretation of an extensive half graben up to 5.5km deep, which is viewed positively for the generation of hydrocarbons.

The nearby Samphire Graben is well imaged on both gravity/magnetic and 2D seismic data, resulting in it being clearly defined on published structural maps of this area. A regional 2D seismic line acquired in 1985 ties both the Wallal and Samphire Grabens (Figure 2). This line clearly shows the lateral extent of the two depocenters with the Wallal Graben being narrower but deeper than the Samphire Graben. However, this is not reflected on public domain structural maps.

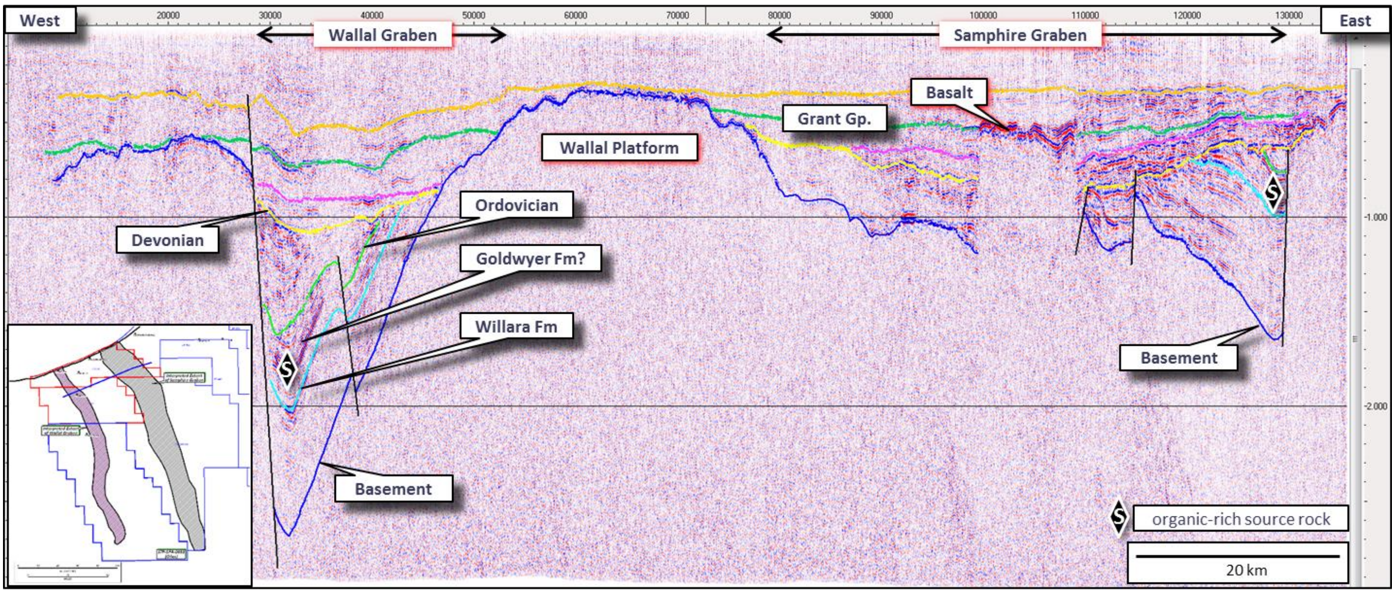

Figure 2. Interpreted *2D* seismic line tying the Wallal Graben to the Samphire Graben – note the extensive thickness and near complete section of the sedimentary fill in the Wallal Graben.

Extensional tectonics in the Ordovician initiated the growth of a major rotational fault that forms the south-west margin of the Wallal Graben with down to northeast rotation. 2D seismic data interpretation clearly defines a prospective "mid-basin ridge" structure that consists of a tilted fault block from Basement to late Ordovician levels, and associated anticlinal drape of the overlying Devonian and Permian sediments (Figure 2).

The Goldwyer Formation, a well acknowledged unconventional play, is interpreted to exist which is a focus object for Oilex. Significant, high value farm-in activity by industry majors targeting the Goldwyer Formation has occurred. The Wallal Graben may be a relative sweetspot for these organic-rich source rocks due to the geological history of this area of the Canning Basin. Also numerous conventional plays may also exist within the Wallal Graben, enhancing the attractiveness of the acreage.

Due to the confined nature of the depositional environment, it is postulated that the source rocks within the Wallal Graben may be richer than those deposited in the other areas of the Canning Basin where increased oceanic circulation and less anoxic conditions prevailed.

Based upon the sparse information the Goldwyer Formation is interpreted to be favourably located in the oil/condensate maturity window and within normal drilling depths (2,000-3,000m). Horizontal wells with multi-stage fracture stimulation programmes may enable the economic extraction of hydrocarbons from this interval. Oilex has significant experience in unconventional plays as this is the main focus of Oilex's flagship project in Cambay, India. Oilex's extensive database of analogous North American resource plays will facilitate the understanding of the plays present in the Wallal Graben.

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